WORKFORCE OBSERVATIONS
FOR MILWAUKEE COUNTY/WOW COUNTIES
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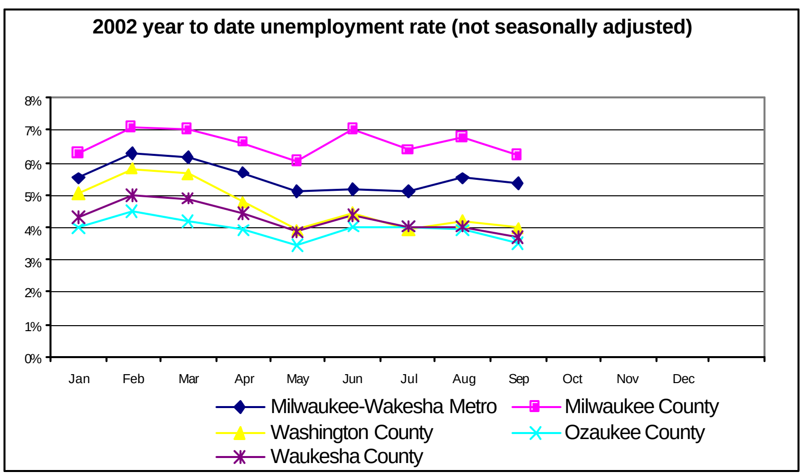
Department of Workforce Development

The Regional Economy After September 11: One Year Later

The regional labor market of the metropolitan Milwaukee area again exhibited a continued pattern of expected seasonal fluctuations, posting a modest decline in unemployment as a result of seasonal shifts. Despite this modest gain, the current state of the labor market is perhaps more important in a historical context as it provides us with an initial glimpse into the state of the regional economy one year after the terrorist attacks of September 11th.

For the month of September, the seasonally-adjusted unemployment rate for the Milwaukee-Waukesha Metropolitan Statistical Area (MSA) was 5.4 percent. This rate represents a 0.2 percent decrease from the **final** estimate for the month of August of 5.6 percent. With respect to the state of the state labor market, the metropolitan unemployment rate remains slightly higher than the state rate of 5.1 percent, which also declined by 0.2 percent from the final August estimate. The fluctuation in the unemployment rate over the course of the month can be attributed primarily through a combination of two factors. First, while the estimate of the number of workers employed in the region declined by 1,600 between August 12th and September 12th, the number of persons considered to be unemployed also decreased by a measure of 1,500 workers, and the total labor force shrunk by 3,100, resulting in the decline in the unemployment rate.



As noted, these fluctuations follow a pattern of seasonal adjustment as most of the decline in the ranks of the employed and in the labor force, in general can be attributed to the termination of many seasonal employees as students returned to the classroom over the past month. This pattern may be most applicable to the metropolitan Milwaukee region, where a significant number of school-aged youths and seasonal employment opportunities in construction, manufacturing, and retail trade, for example generate both the supply and demand for a significant seasonal labor force.

Looking at employment shifts within the industries of the region, we see significant movement in several key sectors, including manufacturing, retail trade, services, and government. Changes in these sectors can all be primarily attributed to seasonal fluctuations related to the beginning of a new school year as the declines in both manufacturing and retail are largely the result of the reduction of a seasonal workforce, and the growth in the service and government sectors occurred largely as a result of the new school year, as K-12 employment is primarily covered under the government sector, and private and postsecondary employment is primarily included in service sector estimates. In addition to these education-related shifts, other regional sectors also experienced fluctuations that were well within expectations. Construction and wholesale trade firms shed significant numbers of employees as a result of seasonal activity and a move towards the end of the construction season. It would be reasonable to assume that employment in wholesale trade will increase over the next two months as the holiday season will place added demands on the regional distribution centers in the area.

Shifting our focus from the macro, or regional view to look at the unique patterns of fluctuation in the four counties of the metropolitan region, we see a similar pattern of decline, but significant differences in magnitude. For the month of September, the not-seasonally adjusted unemployment rate of Milwaukee County was 6.2 percent. While this rate remains significantly higher than the state average, or the rate of any other urban county in the state, with the exception of Racine County, which shares the same September unemployment rate with Milwaukee County. While the level of unemployment in the county, which is the fourth highest rate in the state, is the cause for some concern, the realization that this rate declined by 0.6 percent from August's rate of 6.8 percent is the cause for some optimism. Additionally, as the estimates for Milwaukee County and the other counties in the region are not adjusted to account for seasonal fluctuations, the recent fluctuations in the county's labor market suggest significant seasonal shifts, particularly in light of the industry shifts in manufacturing and retail trade, specifically.

The three metro counties — Waukesha, Ozaukee, and Washington County, which comprise the WOW Workforce Development Area also exhibited signs of seasonal fluctuation, as

(Continued on page 2)

(Continued from page 1)
the unemployment rate in Waukesha County shrunk to 3.7 percent, Ozaukee County 3.5 percent, and Washington County 4.0 percent. Each county experienced a decline both in the total labor force and in the number of unemployed in the county, fueling these downward shifts.

As was hinted in the introduction to this update, the employment estimates for September provide our first information into the impact of the terrorist attacks of September 11th and the year that followed on the regional economy. Looking at a comparison of the estimates gathered on September 12, 2001 — the day after the attacks and September 12, 2002, we see that all three components of the labor force — total labor force, persons employed, and unemployed all grew over the course of the past year, as expected. However, in measuring the magnitude of these changes, it is important to note that the growth in the ranks of the employed labor force easily surpass the growth in the ranks of the unemployed by nearly double, in most cases. Therefore, it is reasonable to conclude that, despite an initial shock to the economy caused by the attacks, particularly in the transportation and financial sectors, the regional labor force has rebounded.

With this in mind, however, it is important to again recognize that the unemployment rate in the metropolitan area remains nearly one percent above the levels of last year, and is significantly higher than those rates observed during the expansion of the late 1990's. While this disparity certainly suggests that the boom is over, several analysts and experts have observed over the course of the most recent economic downturn that the current employment levels are perhaps more sustainable and reflect a more reasonable economic reality with sustained, modest growth potential.

September 2002	**Wisconsin**	**Milwaukee-Waukesha MSA**	**Milwaukee County/WDA**	**Washington County**	**Ozaukee County**
Civilian Labor Force*	*3,065,800*	*829,400*	*488,914*	*69,373*	*49,592*
Persons Employed	*2,910,900*	*785,000*	*458,615*	*66,627*	*47,858*
Persons Unemployed	*154,900*	*44,400*	*30,299*	*2,746*	*1,734*
Unemployment Rate	*5.1%*	*5.4%*	*6.2%*	*4.0%*	*3.5%*
Total jobs of all non-farm industries**	2,856,119	862,799	555,830	46,740	38,973
Goods Producing Jobs	707,922	193,538	97,676	17,370	13,104
Service Producing Jobs	2,148,197	669,261	458,154	29,370	25,869
Construction & Mining	135,742	34,873	14,374	2,711	1,596
All Manufacturing	572,180	158,665	83,302	14,659	11,508
Transportation, Communications & Public Utilities	133,191	39,920	29,202	1,807	847
Wholesale Trade	137,199	46,360	23,858	2,290	1,523
Retail Trade	508,713	136,121	84,509	8,472	7,172
Finance, Insurance, and Real Estate	153,642	58,694	42,622	1,996	1,967
Services	809,379	297,500	214,170	9,467	10,510
All Government	406,073	90,666	63,794	5,338	3,849
Change from August 2002					
Civilian Labor Force*	*5,200*	*-3,100*	*-8,630*	*-940*	*-790*
Persons Employed	*0*	*-1,600*	*-5,150*	*-750*	*-540*
Persons Unemployed	*-5,100*	*-1,500*	*-3,480*	*-190*	*-250*
Unemployment Rate	*-0.2%*	*-0.2%*	*-0.6%*	*-0.2%*	*-0.4%*
Total jobs of all non-farm industries**	5,630	2,390	3,230	50	40
Goods Producing Jobs	-9,030	-1,400	-690	-120	-90
Service Producing Jobs	14,650	3,790	3,930	180	130
Construction & Mining	-4,040	-380	-160	-30	-20
All Manufacturing	-4,990	-1,020	-530	-90	-70
Transportation, Communications & Public Utilities	3,220	500	980	60	30
Wholesale Trade	-1,390	-670	-340	-30	-20
Retail Trade	-5,730	-2,370	-1,470	-150	-120
Finance, Insurance, and Real Estate	-990	-320	30	-10	-10
Services	-4,250	3,150	2,270	100	110
All Government	23,790	3,500	2,460	210	150
Change from September 2001					
Civilian Labor Force*	*84,970*	*24,020*	*12,760*	*1,740*	*1,280*
Persons Employed	*42,430*	*15,410*	*8,100*	*1,180*	*850*
Persons Unemployed	*42,540*	*8,610*	*4,650*	*560*	*440*
Unemployment Rate	*1.3%*	*0.9%*	*0.8%*	*0.7%*	*0.8%*
Total jobs of all non-farm industries**	15,130	3,250	3,490	-180	-10
Goods Producing Jobs	-10,060	-4,060	-2,040	-360	-270
Service Producing Jobs	25,190	7,300	5,520	180	260
Construction & Mining	2,790	-840	-350	-70	-40
All Manufacturing	-12,850	-3,220	-1,690	-300	-230
Transportation, Communications & Public Utilities	-1,200	150	110	10	0
Wholesale Trade	-310	-1,490	-770	-70	-50
Retail Trade	2,310	730	450	50	40
Finance, Insurance, and Real Estate	2,840	360	260	10	10

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